

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 01098 022138Z

22

ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 L-03 FRB-03 OMB-01 TAR-01 SP-02

AGR-05 AID-05 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01

EA-07 NEA-10 OPIC-03 /091 W
----- 014968

R 021746Z FEB 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 432

INFO ALL EC CAPITALS 1619

USMISSION USUN NEW YROK

LIMITED OFFICIAL USE EC BRUSSELS 1098

E.O. 11652: N/A

TAGS: EIND, ETRD, OECD, EEC

SUBJECT: EC PREPARATIONS FOR THE CIEC RAW MATERIALS COMMISSION
AND UNCTAD IV

REF: 75 EC BRUSSELS 1037

1. BEGIN SUMMARY: THE EC COMMISSION HAS SENT THE EC COUNCIL AD
HOC GROUP ON COMMODITIES A PAPER SPELLING OUT A GLOBAL APPROACH
TO COMMODITY PROBLEMS FOR USE AT CIEC AND UNCTAD IV. IT PROPOSES
A PROGRAM WHICH INCLUDES BOTH COMPENSATORY FINANCING AND AGREEMENTS
ON SPECIFIC COMMODITIES IF, AFTER EXAMINATION, AGREEMENTS ARE
REQUIRED. THE INSTRUMENTS TO BE USED TO HANDLE COMMODITY
PROBLEMS VARY FROM BUFFER STOCKS TO AID FOR DIVERSIFICATION.
IT SUGGESTS THAT THE EC AGREE TO EXAMINE THE 17 PRODUCTS ON THE
UNCTAD LIST AND THAT THE EXAMINATION BE COMPLETED
WITHIN ONE YEAR. END SUMMARY.

2. THE MISSION HAS OBTAINED ON A CONFIDENTIAL BASIS A COPY OF
AN EC COMMISSION PAPER DATED JANUARY 21 ENTITLED "GLOBAL APPROACH
TO COMMODITY PROBLEMS." THE PAPER, WHICH HAS BEEN SENT TO THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 01098 022138Z

EC COUNCIL AD HOC GROUP ON COMMODITIES FOR ITS CONSIDERATION,

IS THE COMMISSION'S ATTEMPT TO OUTLINE AN OVERALL EC APPROACH TO COMMODITY PROBLEMS FOR USE AT BOTH THE CIEC COMMITTEE ON RAW MATERIALS (CORM) AND UNCTAD IV IN NAIROBI. (A COPY OF THE PAPER HAS BEEN AIR POUCHED TO EUR/RPE, ATTENTION CASEY.) A BRIEF SUMMARY OF THE PAPER FOLLOWS.

3. BEGIN SUMMARY OF PAPER: ALTHOUGH THE COMMISSION WISHES TO BE FORTHCOMING TO LDC DEMANDS, IT HAS SERIOUS OBJECTIONS TO THE UNCTAD "INTEGRATED PROGRAM" ON COMMODITIES, I.E., INCOMPATIBLE OBJECTIVES, OVER-GENERALIZATION ON TERMS OF TRADE, TOO MUCH EMPHASIS ON BUFFER STOCKS. IT BELIEVES THAT WHEREAS COMMODITY AGREEMENTS SHOULD BE WORKED OUT ON A CASE-BY-CASE BASIS, THEY MUST FIT WITHIN AN OVERALL COHERENT, NEGOTIABLE PROGRAM. THIS PROGRAM SHOULD BE A "PREFERABLE" ALTERNATIVE TO THE "INTEGRATED PROGRAM". THE OVERALL PROGRAM WOULD HAVE TWO SEPARATE APPROACHES. THE FIRST APPROACH COULD PROVIDE FOR EXPORT EARNING STABILIZATION THROUGH SUCH VEHICLES AS IMF COMPENSATORY FINANCING, THE IMF TRUST FUND, AND STABILIZATION OF INDIVIDUAL COMMODITY EARNINGS ALONG THE LINES OF OME, ETC.

4. THE SECOND APPROACH WOULD BE DIRECTED AT IMPROVING MARKET STRUCTURES FOR INDIVIDUAL COMMODITIES. THE OBJECTIVE OF THE EC COMMODITY APPROACH WOULD BE TO LIMIT EXCESSIVE PRICE FLUCTUATIONS AND IMPROVE STRUCTURAL WEAKNESSES WHILE AT THE SAME TIME PRESERVING MARKET FORCES. A MAJOR DIFFERENCE WITH THE "INTEGRATED PROGRAM" IS THAT THE COMMISSION PROPOSES TO USE A VARIETY OF INSTRUMENTS TO SOLVE COMMODITY PROBLEMS AND, IF REQUIRED, SEVERAL IN THE SAME AGREEMENT. THE INSTRUMENTS ARE STOCKING ARRANGEMENTS, LONG-TERM CONTRACTS, EXPORT DUTIES OR LEVIES, IMPORT CONCESSIONS (E.G., GENERALIZED PREFERENCES), DEFICIENCY PAYMENTS, STABEX, TRADE PROMOTION, INDUSTRIAL COOPERATION, ENCOURAGEMENT OF INVESTMENT, PROMOTION OF DIVERSIFICATION. THE COMMISSION PROPOSES THAT THE FIRST PRIORITY WOULD BE TO EXAMINE THE 17 COMMODITIES ON THE UNCTAD LIST AND OTHER PRIORITY COMMODITIES. THE EXAMINATION SHOULD BE COMPLETED WITHIN ONE YEAR.

5. ALTHOUGH THE PAPER DOES NOT SPECIFICALLY SAY SO, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 01098 022138Z

PRSEUMABLY FOLLOWING THE EXAMINATION, DISCUSSION WOULD TURN TO WHAT NEED BE DONE FOR THE SPECIFIC COMMODITIES, THE INSTRUMENTS TO BE EMPLOYED, COSTS, ETC. THE PAPER EXPRESSLY STATES THAT THE GOLBAL PROGRAM DOES NOT ENTAIL ON OBLIGATION TO ENTER INTO A FULL, FORMAL INTERNATIONAL AGREEMENT FOR EVERY COMMODITY EXAMINED. THE PAPER ALSO STATES THAT IT CAN ONLY BE DETERMINED A LATER DATE WHETHER OR NOT FINANCING FOR BUFFER STOCKS, COMMODITY STABEX OR DIVERSIFICATION, ETC.

MIGHT BE BROUGHT TOGETHER IN "SOME KIND OF A COMMON FUND."

END SUMMARY OF PAPER

6. COMMENT: THE PAPER REPRESENTS A COMPROMISE BETWEEN A CASE-BY-CASE APPROACH AND A GLOBAL PROGRAM. IT ALSO IS A COMPROMISE BETWEEN THE COMMODITY AGREEMENT APPROACH ADVOCATED BY FRANCE AND COMPENSATORY FINANCING SUPPORTED BY GERMANY. IT MOVES BACK FROM THE POSITIONS TAKEN BY AN EARLIER WORKING PAPER WRITTEN BY A COMMISSION OFFICIAL WHICH ADVOCATED A GERNERAL AGREEMENT ON RAW MATERIALS WITH COMMON FINANCING FOR BUFFER STOCKS, COMMON MANAGEMENT OF BUFFER STOCKS, ETC. (SEE REFTTEL). IT STILL REPRESENTS, HOWEVER, A DESIRE BY THE EC COMMISSION TO DEVELOP A COHERENT PROGRAM TO DEAL WITH COMMODITY PROBLEMS. MORRIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RAW MATERIALS, COMMODITIES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU01098
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760039-0861
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760292/aaaaddfe.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 1037
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by ElyME>; APPROVED <24 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC PREPARATIONS FOR THE CIEC RAW MATERIALS COMMISSION AND UNCTAD IV
TAGS: EIND, ETRD, OECD, EEC, CIEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006